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CITY OF RIPLEY, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report
For the Year Ended September 30, 2009

Elected Officials

Kerry Hill	Mayor
Joey Bryant	Ward 1
Homer Richardson	Ward 2
Lonnie Smith	Ward 3
Wade Crawford	Ward 4
Bonnie Caviness	Mayor, Pro-Tem, At Large

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report
For the Year Ended September 30, 2009

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LINDSEY, DAVIS AND ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ripley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2010, on our consideration of the City of Ripley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 34 through 36, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Lindsey, Davis and Associates

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
May 26, 2010

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2009.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2009 fiscal year by $17,041,416. Of this amount, $4,278,893 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.

- The City's total debt is $1,412,724.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector enterprise.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those functions that are mainly supported through charges to the consumer (*business-type activities*). The City's gas, water, and sewer utilities are business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In the fund financial statements, each of the City's major funds is presented in a separate column. The distinction between governmental type activities and proprietary type activities is maintained through the presentation of separate statements for these two types of funds. The major governmental fund presented is the City's General Fund. The City's Gas Fund and Water and Sewer Fund are presented as major funds in the Statement of Net Assets - Proprietary Funds, the Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds, and the Statement of Cash Flows - Proprietary Funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds include Enterprise Funds and Internal Service Funds. Enterprise Funds are used for those activities which are financed, primarily, by charges to users and customers.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi
Net Assets
September 30, 2009

	Governmental Activities	Business-type Activities	2009 Total	2008 Total
Current and Other Assets	$ 882,978	$ 4,113,976	$ 4,996,954	$ 4,900,839
Capital Assets, Net	4,596,992	9,439,149	14,036,141	14,384,251
Total Assets	**5,479,970**	**13,553,125**	**19,033,095**	**19,285,090**
Current and Other Liabilities	152,831	622,400	775,231	673,704
Long-term Liabilities		1,216,448	1,216,448	1,413,064
Total Liabilities	**152,831**	**1,838,848**	**1,991,679**	**2,086,768**
Invested in Capital Assets	4,596,992	8,026,429	12,623,421	12,781,732
Unrestricted	591,045	3,687,848	4,278,893	4,416,590
Restricted	139,102		139,102	
Total Net Assets	**$ 5,327,139**	**$ 11,714,277**	**$ 17,041,416**	**$ 17,198,322**

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 74% of the City's total net assets. The remaining, unrestricted net assets may be used by the governing authority to provide future services.

City of Ripley, Mississippi
Changes in Net Assets
For the Year Ended September 30, 2009

	Governmental Activities	Business-type Activities	2009 Total	2008 Total
Revenues:				
Program Revenues:				
Charges for Services	$ 484,855	$ 10,476,525	$ 10,961,380	$ 8,828,418
Operating Grants and Contr.	51,802		51,802	117,661
Capital Grants and Contr.	47,613		47,613	689,115
General Revenues:				
Property Taxes	292,260		292,260	286,591
Sales Tax	1,183,801		1,183,801	1,239,400
Tourism Tax	139,102		139,102	
Franchise Taxes	249,895		249,895	233,660
Road Tax	132,376		132,376	139,074
Other Taxes	13,413		13,413	15,930
Interest	12,799	62,884	75,683	115,386
Transfer	80,000	(80,000)		
Other	58,678	2,395	61,073	49,751
Total Revenues	2,746,594	10,461,804	13,208,398	11,714,986
Expenses:				
General Government	572,711		572,711	1,019,527
Public Safety	888,190		888,190	864,340
Public Works	949,245		949,245	807,889
Parks and Recreation	269,253		269,253	247,429
Water and Sewer Service		1,418,627	1,418,627	1,441,892
Gas Service		9,267,278	9,267,278	6,546,837
Total Expenses	2,679,399	10,685,905	13,365,304	10,927,914
Increase in Net Assets	67,195	(224,101)	(156,906)	787,072
Net Assets - Beginning of Year	5,259,944	11,938,378	17,198,322	16,411,250
Net Assets - End of Year	$ 5,327,139	$ 11,714,277	$ 17,041,416	$ 17,198,322

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax (44%), charges for services (18%), property taxes (11%), and franchise taxes (9%).

The largest expense categories for the City's governmental activities are public works (35%) and public safety (33%).

Table 1 presents the revenues of the City's governmental activities, and Table 2 presents the cost of each of the functions of the City's governmental activities. Table 3 presents the revenues of the City's business-type activities.

Table 1
Revenues by Source - Governmental Activities

	2009	%	2008	%
Charges for Services	$ 484,855	18.2%	$ 503,962	16.0%
Grants and Contributions	99,415	3.7%	659,276	20.9%
Property Taxes	292,260	11.0%	286,591	9.1%
Road Tax	132,376	5.0%	139,074	4.4%
Sales Tax	1,183,801	44.3%	1,239,400	39.3%
Tourism Tax	139,102	5.2%		
Franchise Taxes	249,895	9.4%	233,660	7.4%
Other Taxes	13,413	0.5%	15,930	0.5%
Interest	12,799	0.5%	28,131	0.9%
Other	58,678	2.2%	48,361	1.5%
	$ 2,666,594	100.0%	$ 3,154,385	100.0%

Table 2
Expenses by Function - Governmental Activities

	2009	%	2008	%
General Government	$ 572,711	21.4%	$ 1,019,527	34.7%
Public Safety	888,190	33.2%	864,340	29.4%
Public Works	949,245	35.4%	807,889	27.5%
Parks and Recreation	269,253	10.0%	247,429	8.4%
	$ 2,679,399	100.0%	$ 2,939,185	100.0%

Table 3
Revenues by Source - Business-type Activities

	2009	%	2008	%
Gas Charges for Services	$ 9,077,639	86.0%	$ 6,825,415	79.7%
Water and Sewer Charges for Services	1,398,886	13.3%	1,499,041	17.5%
Grants and Contributions			147,500	1.7%
Interest	62,884	0.6%	87,255	1.0%
Other	2,395	0.1%	1,390	0.1%
	$ 10,541,804	100.0%	$ 8,560,601	100.0%

Business-type Activities

Business-type activities decreased the City's net assets by ($224,101). Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of $1,398,886 (13%) for water and sewer and $9,077,639 (86%) for gas.

Capital Asset and Debt Administration

Capital assets. In accordance with GASB Statement No. 34, the City has recorded depreciation expense associated with all of its capital assets. The Statement, encourages, but does not require, phase three governments to report infrastructure retroactively. Therefore, due to costs constraints, the management of the City decided not to retroactively report infrastructure. Beginning with the fiscal year ended September 30, 2004, the City has reported newly acquired or constructed general infrastructure assets in the Statement of Net Assets.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amount to $14,036,141, net of accumulated depreciation of $7,768,428. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

Long-term debt. At year-end, the City had $1,412,724 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2010 budget. The total budgeted appropriations for the City operations in the governmental activities is $2,436,834.

Contact Information

This financial report is designed to provide a general overview of the City of Ripley, Mississippi's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Ripley, 500 South Main Street, Ripley, MS, 38663, telephone number (662) 837-0130.

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Assets
September 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 474,549	$ 1,551,593	$ 2,026,142
Investments	104,575	446,997	551,572
Receivables:			
Accounts	25,238	765,888	791,126
Franchise Fees	1,076		1,076
Sales Tax	84,806		84,806
Taxes	53,558		53,558
Interest Receivable	74	4,104	4,178
Internal Balances		76,753	76,753
Inventory of Supplies, at Cost		99,099	99,099
Inventory of Natural Gas, at Cost		655,266	655,266
Prepaid Expenses		15,699	15,699
Total Current Assets	743,876	3,615,399	4,359,275
Restricted Assets			
Cash and Cash Equivalents	139,102	498,577	637,679
Total Restricted Assets	139,102	498,577	637,679
Capital Assets			
Land	795,956	135,065	931,021
Buildings	1,169,033	42,238	1,211,271
Improvements other than Buildings	1,482,394		1,482,394
Utility Systems		13,965,348	13,965,348
Furniture, Vehicles and Equipment	1,781,227	890,164	2,671,391
Infrastructure	1,364,564		1,364,564
Accumulated Depreciation	(2,174,762)	(5,593,666)	(7,768,428)
Construction in Progress	178,580		178,580
Total Capital Assets	4,596,992	9,439,149	14,036,141
Total Assets	5,479,970	13,553,125	19,033,095
Liabilities			
Current Liabilities			
Accounts Payable	119,255	100,569	219,824
Accrued Payroll	23,626	32,342	55,968
Internal Balances	9,950	66,803	76,753
Current Portion of Long-term Debt		196,276	196,276
Current Liabilities Payable from Restricted Assets			
Customer Meter Deposits		226,410	226,410
Total Current Liabilities	152,831	622,400	775,231
Long-term Liabilities, Net of Current Portion			
Long-term Debt		1,216,448	1,216,448
Total Long-term Liabilities		1,216,448	1,216,448
Total Liabilities	152,831	1,838,848	1,991,679
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,596,992	8,026,429	12,623,421
Unrestricted	591,045	3,687,848	4,278,893
Restricted	139,102		139,102
Total Net Assets	$ 5,327,139	$ 11,714,277	$ 17,041,416

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 572,711	$ 25,064	$ 2,855	$ 13,300
Public Safety	888,190	142,847	48,947	34,313
Public Works	949,245	279,299		
Parks and Recreation	269,253	37,645		
Total Governmental Activities	2,679,399	484,855	51,802	47,613
Business-type Activities:				
Water and Sewer	1,418,627	1,398,886		
Gas	9,267,278	9,077,639		
Total Business-type Activities	10,685,905	10,476,525		
Total Primary Government	$ 13,365,304	$ 10,961,380	$ 51,802	$ 47,613

Property Taxes
Sales Tax
Tourism Tax
Franchise Taxes
Road Tax
Other Taxes
Interest
Transfers
Other
Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Revenue) Expenses and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (531,492)	$	$ (531,492)
(662,083)		(662,083)
(669,946)		(669,946)
(231,608)		(231,608)
(2,095,129)		(2,095,129)
	(19,741)	(19,741)
	(189,639)	(189,639)
	(209,380)	(209,380)
(2,095,129)	(209,380)	(2,304,509)
292,260		292,260
1,183,801		1,183,801
139,102		139,102
249,895		249,895
132,376		132,376
13,413		13,413
12,799	62,884	75,683
80,000	(80,000)	
58,678	2,395	61,073
2,162,324	(14,721)	2,147,603
67,195	(224,101)	(156,906)
5,259,944	11,938,378	17,198,322
$ 5,327,139	$ 11,714,277	$ 17,041,416

CITY OF RIPLEY, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2009

	General	Total Governmental Funds
Assets		
Cash and Cash Equivalents	$ 474,549	$ 474,549
Restricted Cash - Tourism Tax	139,102	139,102
Investments	104,575	104,575
Receivables (Net):		
Accounts	25,238	25,238
Franchise Fees	1,076	1,076
Sales Tax	84,806	84,806
Taxes	53,558	53,558
Interest Receivable	75	75
Total Assets	$ 882,979	$ 882,979
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable & Accrued Liabilities	$ 142,881	$ 142,881
Due to Other Funds	9,950	9,950
Total Liabilities	152,831	152,831
Fund Balances:		
Unrestricted	591,045	591,045
Restricted	139,102	139,102
Total Fund Balances	730,147	730,147
Total Liabilities and Fund Balances	$ 882,978	

Amounts reported for governmental activities in the statement of net assets are different due to:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	4,596,992
Net assets of governmental activities	$ 5,327,139

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General	Total Governmental Funds
Revenues:		
General Property Taxes		
Current Ad Valorem	$ 261,234	$ 261,234
Prior Year Ad Valorem	3,741	3,741
Penalties and Interest on		
Delinquent Taxes	1,687	1,687
In Lieu of Taxes/Franchise Tax	235,431	235,431
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	27,285	27,285
Sales Tax	1,183,801	1,183,801
Tourism Tax	139,102	139,102
Fire Protection Refund	28,947	28,947
State Gasoline Tax	9,829	9,829
General Municipal Aid	2,855	2,855
Collection from County:		
Road Tax	132,376	132,376
Fire Protection Refund	20,000	20,000
Fines and Forfeitures	123,500	123,500
Privilege Tax	17,584	17,584
Gross Receipts Tax - Cable	14,464	14,464
Building Fees, Permits and Inspections	11,064	11,064
Park Revenue	37,645	37,645
Charges for Services:		
Sanitation	279,299	279,299
Grant Revenue	47,613	47,613
Miscellaneous	76,338	76,338
Interest	12,799	12,799
Total Revenues	2,666,594	2,666,594

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2009

	General	Total Governmental Funds
Expenditures:		
Current:		
General Government	460,489	460,489
Public Safety	819,762	819,762
Public Works	839,609	839,609
Parks and Recreation	262,123	262,123
Capital Outlay	221,193	221,193
Capital Projects	47,613	47,613
Principal Payments	6,000	6,000
Total Expenditures	2,656,789	2,656,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,805	9,805
Other Financing Sources (Uses):		
Transfers In	80,000	80,000
Total Other Financing Sources	80,000	80,000
Net Change in Fund Balances	89,805	89,805
Fund Balances, October 1	640,342	
Fund Balances, September 30	$ 730,147	

Amounts reported for governmental activities in the statement of activities are different due to:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period.	(22,610)
Change in net assets of governmental activities	$ 67,195

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Assets
Proprietary Funds
September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 497,278	$ 1,054,315	$ 1,551,593
Investments	94,809	352,188	446,997
Receivables:			
Trade Accounts	123,409	642,479	765,888
Interest Receivable	999	3,105	4,104
Due from Other Funds		76,753	76,753
Prepaid Expense	11,978	3,721	15,699
Inventory of Supplies, at Cost	31,706	67,393	99,099
Inventory of Natural Gas, at Cost		655,266	655,266
Total Current Assets	760,179	2,855,220	3,615,399
Non-current Assets:			
Restricted Assets:			
Cash	114,774	63,769	178,543
Investments	123,884	196,150	320,034
Total Restricted Assets	238,658	259,919	498,577
Capital Assets:			
Land	135,065		135,065
Buildings and Improvements	21,119	21,119	42,238
Physical System	11,824,146	2,141,202	13,965,348
Furniture, Vehicles & Equipment	468,034	422,130	890,164
Accumulated Depreciation	(4,120,280)	(1,473,386)	(5,593,666)
Total Capital Assets Net of Accumulated Depreciation	8,328,084	1,111,065	9,439,149
Total Non-current Assets	8,566,742	1,370,984	9,937,726
Total Assets	$ 9,326,921	$ 4,226,204	$ 13,553,125

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Assets - Continued
Proprietary Funds
September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Liabilities			
Current Liabilities:			
Accounts Payable & Accrued Liabilities	$ 93,280	$ 39,631	$ 132,911
Due to Other Funds	66,803		66,803
Current Portion of Revenue Bond	52,940		52,940
Current Portion of Notes Payable	143,336		143,336
Total Current Liabilities	356,359	39,631	395,990
Current Liabilities Payable from Restricted Assets:			
Meter Deposits	68,348	158,062	226,410
Total Current Liabilities Payable from Restricted Assets	68,348	158,062	226,410
Non-current Liabilities:			
Revenue Bonds (Net Current Portion)	929,422		929,422
Notes Payable (Net Current Portion)	287,026		287,026
Total Non-current Liabilities	1,216,448		1,216,448
Total Liabilities	1,641,155	197,693	1,838,848
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,915,362	1,111,067	8,026,429
Unrestricted	770,404	2,917,444	3,687,848
Total Net Assets	$ 7,685,766	$ 4,028,511	$ 11,714,277

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Operating Revenues:			
Water Sales	$ 979,165	$	$ 979,165
Sewer Services	392,979		392,979
Gas Sales		9,032,858	9,032,858
Cut-On/Cut-Off Charges	1,050	1,770	2,820
Building Connection Fees	5,421	19,523	24,944
Meter Fees	20,271	23,324	43,595
Refunds and Miscellaneous	1,721	836	2,557
Total Operating Revenues	1,400,607	9,078,311	10,478,918
Operating Expenses:			
Operating Salaries	362,347	335,063	697,410
Social Security and Retirement Benefits	45,432	41,075	86,507
Gas Purchases		8,194,469	8,194,469
Gas Transportation Fees		239,243	239,243
Depreciation Expense	333,297	70,227	403,524
Materials and Supplies	152,014	77,954	229,968
Utilities Purchased	199,626	8,563	208,189
Repairs and Maintenance	42,756	26,430	69,186
Travel and Miscellaneous	7,961	45,909	53,870
Dues and Publications	11,197	1,037	12,234
Gas and Oil	16,303	15,764	32,067
Telephone and Postage	8,244	32,734	40,978
Insurance	92,078	60,673	152,751
Professional Services	64,996	59,295	124,291
Sales Tax	14,657	58,840	73,497
Total Operating Expenses	1,350,908	9,267,276	10,618,184
Operating Income	49,699	(188,965)	(139,266)

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Assets - Continued
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Nonoperating Revenues (Expenses):			
Interest Revenue	21,276	41,608	62,884
Interest Expense and Fiscal Charges	(67,719)		(67,719)
Total Nonoperating Revenues (Expenses)	(46,443)	41,608	(4,835)
Income Before Operating Transfers and Contributions	3,256	(147,357)	(144,101)
Transfers Out		(80,000)	(80,000)
Change in Net Assets	3,256	(227,357)	(224,101)
Total Net Assets, October 1	7,682,510	4,255,868	11,938,378
Total Net Assets, September 30	$ 7,685,766	$ 4,028,511	$ 11,714,277

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 1,397,470	$ 9,049,586	$ 10,447,056
Cash Payments to Suppliers	(613,849)	(8,742,054)	(9,355,903)
Cash Payments to Employees	(351,291)	(325,128)	(676,419)
Net Cash Provided by Operating Activities	432,330	(17,596)	414,734
Cash Flows from Noncapital Financial Activities:			
Operating Transfers Out		(80,000)	(80,000)
Net Cash Used for Noncapital Financing Activities		(80,000)	(80,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(67,705)	(10,320)	(78,025)
Repayment of Long-term Debt	(189,796)		(189,796)
Interest Payment Long-term Debt	(67,719)		(67,719)
Net Cash Used for Capital and Related Financing Activities	(325,220)	(10,320)	(335,540)
Cash Flows from Investing Activities:			
Proceeds from Interest Earnings	21,276	41,608	62,884
Net Cash Provided by Investing Activities	21,276	41,608	62,884
Net Increase (Decrease) in Cash and Cash Equivalents	128,386	(66,308)	62,078
Cash and Cash Equivalents, October 1	702,359	1,732,730	2,435,089
Cash and Cash Equivalents, September 30	$ 830,745	$ 1,666,422	$ 2,497,167

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities Enterprise Funds		
	Water and Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income	$ 49,699	$ (188,965)	$ (139,266)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	333,297	70,227	403,524
(Increase) Decrease in Receivables	(1,870)	(26,227)	(28,097)
(Increase) Decrease in Prepaid Expense	424	368	792
(Increase) Decrease in Inventory of Supplies	1,950	13,875	15,825
(Increase) Decrease in Inventory of Natural Gas		111,928	111,928
Increase (Decrease) in Accounts Payable and Accrued Liabilities	50,098	3,698	53,796
Increase (Decrease) in Meter Deposits	(1,268)	(2,500)	(3,768)
Total Adjustments	382,631	171,369	554,000
Net Cash Provided by Operating Activities	$ 432,330	$ (17,596)	$ 414,734

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The City of Ripley, Mississippi (the "City") was incorporated in 1837, under the provisions of the Mississippi State Legislature. The City operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, public welfare, parks and recreation, gas, water and sewer utilities, and general administrative services.

The Comprehensive Annual Financial Report (the "Report") of the City includes all funds. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is governed by an elected mayor and five-member board of aldermen. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

Based upon the application of the above criteria, there were no component units for the City.

B. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) issued Statement No. 34-*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. GASB Statement No. 34 includes:

> **Management's discussion and analysis (MD&A)**-MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

Government-wide financial statements-The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements-Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison statements-These statements are presented to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets. The City revises the original budgets over the course of the year for various reasons. Under the new reporting model, budgetary information continues to be provided, and includes comparisons of the City's final budgets and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant Revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas, water and sewer funds are charges to customers for sales and services.

The following major funds are used by the City:

1. Governmental Funds:

The following is a description of the Governmental Funds of the City:

a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Parks and Recreation, etc.) and is the primary operating unit of the City.

2. Proprietary Funds:

The following is a description of the major Proprietary Funds of the City:

a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and other debt obligations when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

b. Gas Fund accounts for the operation of the City's gas utility. Activities of the fund include administration, operation and maintenance of the gas system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

3. Non-current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

D. Assets, Liabilities, and Net Assets or Fund Balances

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, Mississippi counties, or the general obligations of Mississippi municipalities.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost.

2. Receivables and Payables:

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2009.

3. Inventories and Prepaid Items:

Inventories are valued at lower of cost or market. Inventory consists of expendable supplies held for consumption and stored natural gas purchased to hedge against price increases. The costs of Governmental Fund type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets:

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and side-walks, drainage systems and lighting systems are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year.

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Fund Balances - Continued

4. Capital Assets: - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Computer Equipment and Peripherals	3
Vehicles and Equipment	5
Heavy Equipment	10
Furniture and Fixtures	7
Improvements other than Buildings	20
Buildings	40
Infrastructure:	
Roads	20
Concrete Bridges	50
Timber Bridges	30

5. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

6. Compensated Absences:

Vacation rights and annual leave for all employees are specified in Section 25-3-93 of the Mississippi Code of 1972, as supplemented. The City makes specific reference to this statute for identification of vacation and annual leave time; however, generally vacation leave is as follows:

Employment Service	Vacation Time
After 1 Year to 5 Years	1 Week
After 5 Years to 10 Years	2 Weeks
After 10 Years	3 Weeks

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Fund Balances - Continued

6. Compensated Absences: - Continued

The City considers vacation time to be a benefit, which must be taken or it is lost. Vacation time does not accumulate from year to year. However, should an employee leave employment with the City before vacation time is taken, he shall be paid for time not taken.

The City's employees accumulate one day of sick leave per month for each month of continuous employment with the City. Employees may carry over a maximum of sixty (60) days of sick leave. All unused major medical leave shall be counted as creditable service for the purpose of the retirement system.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

E. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital asset purchases in the current period." The details of this ($22,610) are as follows:

Capital outlay	$ 221,194
Depreciation expense	(243,804)
	$ (22,610)

III. Stewardship, Compliance and Accountability

In accordance with the Code of Mississippi, the City annually adopts a budget on the cash basis following the required public notice and hearing for all funds and appropriates the amount deemed necessary for each of the different City activities. The budget may be amended during the year utilizing similar statutorily prescribed procedures and time limitations. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year-end.

IV. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2009 was $3,215,393. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

Investments - The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Mississippi or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Mississippi or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Mississippi that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations that have a market value of not less than the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by subdivision (1) of this subsection, pledged with third parties selected or approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in the State of Mississippi. The market value of investments, all of which are Certificates of Deposit, is not materially different from the carrying value.

B. Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Tippah County Tax Assessor. The taxes on real and personal property attach as an enforceable lien on the property as of January 1 of each year. Taxes on real and personal property are levied by the City Board of Aldermen at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City are collected by the Tippah County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis.

In accordance with the Mississippi Code of 1972, as amended, the City Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for any one year may not exceed one hundred and ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Board of Directors may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

B. Property Taxes - Continued

The tax levies for the calendar years 2008, 2007 and 2006 (taxes collected in the fiscal years ending 9/30/09, 9/30/08 and 9/30/07) are as follows:

	9/30/09 Millage	9/30/08 Millage	9/30/07 Millage
City Funds			
General Fund	7.50	7.50	7.50
Public Safety	0.25	0.25	0.25
Parks and Recreation	2.00	2.00	2.00
Total Levy	9.75	9.75	9.75

C. Receivables

Receivables at September 30, 2009 for the government's individual major funds consist of the following:

	General	Water & Sewer	Gas	Total
Receivables:				
Trade Accounts	$ 25,238	$ 123,409	$ 642,479	$ 791,126
Franchise Fees	1,076			1,076
Sales Tax	84,806			84,806
Taxes	53,558			53,558
Interest Receivable	74	999	3,105	4,178
Total Receivables	$ 164,752	$ 124,408	$ 645,584	$ 934,744

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	Amount	Restriction
General Fund	$ 139,102	Tourism Tax Fund
Gas Meter Fund Account	63,769	Refund of Customer Deposits
Water Meter Fund Account	36,232	Refund of Customer Deposits
Water & Sewer Cushion Fund	32,831	Requirement of Bonded Debt Retirements
Water & Sewer Contg. Fund	16,834	Requirement of Bonded Debt Retirements
Water & Sewer Int. Bond	10,580	Requirement of Bonded Debt Retirements
Water & Sewer Depr. Fund	16,867	Requirement of Bonded Debt Retirements
Water Tank Maintenance	1,430	Maintenance of Water Tank
Total Restricted Cash	317,645	

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Investments

Water & Sewer Contg. Fund	11,405	Requirement of Bonded Debt Retirements
Water & Sewer Depr. Fund	11,405	Requirement of Bonded Debt Retirements
Water & Sewer Cushion Fund	25,811	Requirement of Bonded Debt Retirements
Water & Sewer - Murry Spur	10,800	Requirement of Bonded Debt Retirements
Water & Sewer - Palmer System	9,000	Requirement of Bonded Debt Retirements
Water Meter Fund Account	55,463	Refund of Customer Deposits
Gas Depreciation Fund	10,000	Requirement of Bonded Debt Retirements
Gas Contingent Fund	10,000	Requirement of Bonded Debt Retirements
Gas Cushion Fund	50,000	Requirement of Bonded Debt Retirements
Gas Meter Fund Account	126,150	Refund of Customer Deposits
Total Restricted Investments	320,034	
Total Restricted Assets	$ 637,679	

E. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$ 795,956	$	$	$ 795,956
Construction in Progress	178,580			178,580
Total Capital Assets, not being Depreciated	974,536			974,536

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, being Depreciated:				
Buildings	1,145,465	23,568		1,169,033
Improvements other than Buildings	1,452,949	29,445		1,482,394
Furniture, Vehicles and Equipment	1,699,294	81,933		1,781,227
Infrastructure	1,278,316	86,248		1,364,564
Total Capital Assets being Depreciated	5,576,024	221,194		5,797,218
Less Accumulated Depreciation For:				
Buildings	445,694	22,402		468,096
Improvements other than Buildings	344,607	53,862		398,469
Furniture, Vehicles and Equipment	1,066,021	107,617		1,173,638
Infrastructure	74,636	59,923		134,559
Total Accumulated Depreciation	1,930,958	243,804		2,174,762
Total Capital Assets, being Depreciated, Net	3,645,066	(22,610)		3,622,456
Governmental Activities Capital Assets, Net	$ 4,619,602	$ (22,610)	$	$ 4,596,992

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water and Sewer Activities:				
Capital Assets, not being Depreciated:				
Land	$ 135,065	$	$	$ 135,065
Construction in Progress	147,500		(147,500)	
Total Capital Assets, not being Depreciated	282,565		(147,500)	135,065

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water and Sewer Activities:				
Capital Assets, being Depreciated:				
Buildings	21,119			21,119
Water and Sewer System	11,614,297	209,849		11,824,146
Furniture, Vehicles and Equipment	462,678	5,356		468,034
Total Capital Assets being Depreciated	12,098,094	215,205		12,313,299
Less Accumulated Depreciation For:				
Buildings	10,818	580		11,398
Water and Sewer System	3,432,973	308,502		3,741,475
Furniture, Vehicles and Equipment	343,192	24,215		367,407
Total Accumulated Depreciation	3,786,983	333,297		4,120,280
Total Capital Assets, being Depreciated, Net	8,311,111	(118,092)		8,193,019
Water and Sewer Activities Capital Assets, Net	$ 8,593,676	$ (118,092)	$ (147,500)	$ 8,328,084

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, being Depreciated:				
Buildings	$ 21,119	$	$	$ 21,119
Gas System	2,136,238	4,964		2,141,202
Furniture, Vehicles and Equipment	416,775	5,356		422,131
Total Capital Assets being Depreciated	2,574,132	10,320		2,584,452

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Less Accumulated Depreciation For:				
Buildings	10,818	580		11,398
Gas System	1,025,345	53,077		1,078,422
Furniture, Vehicles and Equipment	366,996	16,570		383,566
Total Accumulated Depreciation	1,403,159	70,227		1,473,386
Total Capital Assets, being Depreciated, Net	1,170,973	(59,907)		1,111,066
Gas Activities Capital Assets, Net	$ 1,170,973	$ (59,907)	$	$ 1,111,066

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 58,610
Public Safety	68,428
Public Works	109,636
Parks and Recreation	7,130
Total Depreciation Expense - Governmental Activities	$ 243,804
Business-type Activities:	
Water and Sewer	$ 333,297
Gas	70,227
Total Depreciation Expense - Business-type Activities	$ 403,524

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

Class	Years
Buildings	40
Improvements other than Buildings	20
Furniture, Vehicles and Equipment	3 - 10
Utility Systems	20 - 40
Infrastructure	20 - 50

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt

Debt of the Enterprise Funds

The revenue bonds and notes payable of the Enterprise Funds are payable from operations of the Water and Sewer Fund. Debt balance and transactions for the year ended September 30, 2009, are as follows:

	Balance, October 1, 2008	Additions	Retirements and Other	Balance September 30, 2009	Due Within One Year
Revenue Bond	$ 139,065	$	$ (18,476)	$ 120,589	$ 19,420
Revenue Bond	76,523		(5,347)	71,176	5,669
Revenue Bond	183,642		(5,589)	178,053	5,024
Revenue Bond	84,043		(7,224)	76,819	7,781
Revenue Bond	39,678		(5,755)	33,923	6,049
Revenue Bond	238,523		(4,152)	234,371	4,505
Notes Payable	569,468		(139,105)	430,363	143,336
Notes Payable	271,578		(4,148)	267,430	4,492
	$ 1,602,520	$	$ (189,796)	$ 1,412,724	$ 196,276

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2009, are as follows:

Fiscal Year	Principal	Interest	Total
2010	$ 196,276	$ 57,927	$ 254,203
2011	203,338	50,865	254,203
2012	197,813	43,532	241,345
2013	61,470	38,447	99,917
2014	64,610	35,306	99,916
Thereafter	689,217	374,272	1,063,489
	$ 1,412,724	$ 600,349	$ 2,013,073

V. Other Information

A. Defined Benefit Pension Plans

Plan Description

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. As of July 2009 the current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2009 were $171,412, which was equal to the required contributions. The City's contributions to PERS for 2008 and 2007 were $173,364 and $161,026, respectively.

B. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2009 is as follows:

Fund	Interfund Receivables	Interfund Payables
General	$	$ 9,950
Water & Sewer		66,803
Gas	76,753	
	$ 76,753	$ 76,753

C. Commitments and Contingencies

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

V. Other Information - Continued

C. Commitments and Contingencies - Continued

Construction Commitments

The City had one active construction project as of September 30, 2009. At the year end, the City's commitment with contractors were as follows:

Project	Spent-to-Date	Remaining Commitment
Intersection Improvements	$ 178,580	$ 59,659
	$ 178,580	$ 59,659

The intersection improvements project is funded by grants from the Mississippi Department of Transportation.

Litigation

As of September 30, 2009, there was no pending litigation in which the City was involved.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR). There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General Property Taxes			
Current Ad Valorem	$ 245,000	$ 277,859	$ 32,859
Prior Year Ad Valorem			
In Lieu of Taxes/Franchise Tax	217,000	231,662	14,662
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,220,000	1,331,901	111,901
Fire Protection Refund	26,000	28,947	2,947
State Gasoline Tax	9,900	9,829	(71)
General Municipal Aid	3,300	2,855	(445)
Collection from County:			
Road Tax	148,000	134,187	(13,813)
Fire Protection Refund	20,000	20,000	
Fines and Forfeitures	110,000	123,503	13,503
Privilege Tax	19,000	17,584	(1,416)
Gross Receipts Tax - Cable	14,000	14,590	590
Building Fees, Permits and Inspections	10,000	11,064	1,064
Park Revenue	28,000	37,645	9,645
Charges for Services:			
Sanitation	285,000	278,135	(6,865)
Grant Revenue	34,313	34,313	
Miscellaneous	37,321	69,335	32,014
Interest	10,000	10,114	114
Total Revenues	$ 2,436,834	$ 2,633,523	$ 196,689

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Current:			
General Government	$ 766,627	$ 758,029	$ 8,598
Public Safety	904,189	880,176	24,013
Public Works	992,359	956,475	35,884
Parks and Recreation	297,499	273,242	24,257
Total Expenditures	2,960,674	2,867,922	92,752
Excess (Deficiency) of Revenues Over (Under) Expenditures	(523,840)	(234,399)	103,937
Other Financing Sources (Uses):			
Transfer In	523,840	324,486	(199,354)
Total Other Financing Sources	523,840	324,486	(199,354)
Net Change in Fund Balances	$	90,087	$ (95,417)
Fund Balances, October 1		734,559	
Fund Balances, September 30		$ 824,646	

See accompanying notes to required supplementary information.

Budgetary Data

The City Board of Aldermen formally adopts an annual operating budget for the General Fund at the "category level." State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. The City Board of Aldermen may amend the budget during the fiscal year, by resolution, to reallocate resources.

The budgets for the General Fund are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year. Expenditures may not legally exceed budgeted appropriations and any existing fund balance at the various fund or fund type levels. Budget amounts are as originally adopted, or as amended by the City Board of Aldermen. Budget amendments are made throughout the year as reallocations of funds are necessary or as circumstances dictate.

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2009, is as follows:

Fund Balance - Budgetary Basis	$ 824,646
Adjustment:	
Change in Revenue Accruals	(94,499)
Fund Balance - GAAP Basis	$ 730,147

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business activities of the City of Ripley, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the City of Ripley, Mississippi's basic financial statements and have issued our report thereon dated May 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements disclosed no material instances on noncompliance with state laws and regulations.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Lindsey, Davis and Associates
Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
May 26, 2010

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Reconciliation of Original Ad-Valorem
Tax Rolls to Fund Collections
Year Ended September 30, 2009

Assessed Valuation and Millage	Assessed Value	Millage	Tax
Realty	19,365,672	9.75 Mills	$ 188,815
Personal	4,431,078	9.75 Mills	43,203
Public Utilties	601,796	9.75 Mills	5,868
Auto	5,231,443	9.75 Mills	51,007
	29,629,989		288,893
Less: Homestead Exemption Allowed			(28,727)
Exempted Industries			(3,156)
Total			257,010
Collection Adjustments			
Add: Actual Homestead Reimbursement			27,285
Mobile Home Tax			943
Special Assessments			7,140
TVRHA in Lieu of Tax			1,928
Other Privilege Tax			3,584
Prior Year Taxes			3,741
Penalties & Interest on Delinquent Taxes			1,687
Less: County Tax Collector's Collections			(13,261)
Total to be Accounted For			$ 290,057

	Taxes	Homestead Reimbursement	Total
Collection Credits Allocated to Funds:			
General Fund	$ 258,913	$ 27,285	$ 286,198
Balance Represented by:			
Unpaid Property Taxes			3,859
Total Accounted For			$ 290,057

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax assessments were found to be within the limitations of Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972), as follows:

Actual Collections:		Actual Collections:	
Base Year 2007	$ 255,292	Taxes collected 2008	$ 258,913
10% Increase	25,529	Homestead Exemption Reimb.	27,285
Exemption	22,635	Under (Over) Limitation	17,258
Total	$ 303,456	Total	$ 303,456

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2009

The following is a schedule of investments at September 30, 2009:

Certificates of Deposit

Fund Account Name	Balance 9/30/09	Maturity Date	Interest Rate
General Fund Account	$ 104,575	11/10/09	1.37%
Palmer Water System	9,000	08/23/10	1.85%
Murry Spur Water System	10,800	08/23/10	1.85%
Water Meter Fund Account	10,000	07/19/10	1.85%
Water Meter Fund Account	10,000	03/08/10	1.65%
Water & Sewer Contingent Account	4,500	07/19/10	1.85%
Water & Sewer Depreciation Account	4,500	07/19/10	1.85%
Water & Sewer Cushion Account	9,000	07/19/10	1.85%
Water Meter Fund Account	20,000	02/15/10	2.15%
Water & Sewer Cushion Account	3,000	02/15/10	1.75%
Water & Sewer Depreciation Account	1,500	12/15/09	1.75%
Water & Sewer Contingent Account	1,500	12/15/09	1.75%
Gas Meter Account	25,650	03/08/10	1.65%
Gas Cushion Account	13,000	10/30/09	1.37%
Gas Depreciation Account	8,000	07/19/10	1.85%
Gas Contingent Account	2,000	10/30/09	1.37%
Gas Operations	119,524	02/15/10	2.15%
Gas Cushion Account	37,000	07/19/10	1.85%
Gas Depreciation Account	2,000	10/30/09	1.37%
Gas Contingent Account	8,000	07/19/10	1.85%
Gas Meter Account	10,000	07/19/10	1.85%
Gas Meter Account	10,000	01/08/10	1.75%
Gas Meter Account	10,000	12/12/09	2.15%
Gas Operations	118,133	01/27/10	1.75%
Gas Operations	114,531	12/16/09	1.40%
Gas Meter	40,000	02/15/10	2.15%
Gas Meter	30,500	02/18/10	1.65%
Water & Sewer Meter	15,463	01/13/10	1.75%
Water & Sewer Cushion	8,000	02/15/10	2.15%
Water & Sewer Depreciation	2,500	02/15/10	2.15%
Water & Sewer Contingent	2,500	02/15/10	2.15%
Water & Sewer Depreciation Account	2,905	11/14/09	2.58%
Water & Sewer Contingent Account	2,905	11/14/09	2.58%
Water & Sewer Cushion Account	5,811	11/14/09	2.58%
East Ripley Sewer #6	83,784	10/23/09	1.37%
Antioch Reserve	11,025	08/25/10	1.85%
Total	$ 871,606		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2009

Elected and appointed officials of the City of Ripley are covered under various surety bonds, as described below:

	Bonded Amount	Policy Expiration Date
Mayor		
Kerry Hill	$ 50,000	7-06-2013
Aldermen		
Joey Bryant	50,000	7-06-2013
Homer Richardson	50,000	7-06-2013
Bonnie Caviness	50,000	7-06-2013
Wade Crawford	50,000	7-06-2013
Lonnie Smith	50,000	7-06-2013
City Clerk and Tax Collector		
Robin Vernor	50,000	1-30-2010
Police Chief		
Scott White	50,000	7-01-2010

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the City of Ripley's basic financial statements and have issued our report thereon dated May 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ripley's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ripley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ripley's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Ripley's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Ripley's financial statements that is more than inconsequential will not be prevented or detected by the City of Ripley's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Ripley's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ripley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information and use of the Board of Aldermen, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Lindsey, Davis and Associates

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
May 26, 2010